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DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT

24 CFR Parts 5 and 232

[Docket No. FR-5794-N-02]

Federal Housing Administration (FHA): Section 232 Healthcare Facility Insurance Program –Submission of Operator Financial Reports in accordance with HUD’s Uniform Financial Reporting Standards: Commencement of Compliance

AGENCY: Office of the Assistant Secretary for Housing—Federal Housing Commissioner, HUD.

ACTION: Announcement of commencement of compliance.

SUMMARY: On September 16, 2014, HUD published an interim rule that revised the financial reporting deadlines for operators participating in FHA’s program for insurance of health care facilities under section 232 of the National Housing Act (Section 232 program) to bring the operators in-line with the reporting periods prescribed in HUD’s Uniform Financial Reporting Standards. In accordance with HUD’s regulations implementing its Uniform Financial Reporting Standards, HUD is providing notice that it has issued guidance on the manner in which the reports by operators are to be submitted to HUD.

DATES: *Compliance date:* **[insert date that is 60 days after the date of publication of this notice in the Federal Register]**.

FOR FURTHER INFORMATION CONTACT: Vance T. Morris, Office of Residential Care Facilities, Office of Healthcare Programs, Office of Housing, Department of Housing and Urban Development, 451 7th Street, SW, Room 6264, Washington, DC 20410-8000; telephone number 202-708-0599 (this is not a toll-free number). Persons with hearing or speech impairments may

access this number through TTY by calling the toll-free Federal Relay Service at 1-800-877-8339.

SUPPLEMENTARY INFORMATION:

Through a final rule published on September 7, 2012, at 77 FR 5512, HUD revised and updated the regulations for FHA's Section 232 program, regulations that had not been revised since 1996. HUD revised the Section 232 program regulations to reflect current policy and practices, and improve accountability and strengthen risk management in the Section 232 program.

Included in the updates made by the 2012 rulemaking were revisions to 24 CFR 5.801 (Uniform Financial Reporting Standards) and 24 CFR 232.1009 (Financial Reports), both of which contained reporting requirements applicable to the Section 232 program. HUD revised these regulatory sections to include operators of projects insured or held by HUD as entities that must submit financial statements to HUD. Owners and borrowers have long been required to submit financial reports. Sections 5.801(c)(4) and 232.1009 provide that operators must submit financial statements to HUD quarterly within 30 calendar days of the date of the end of each fiscal quarter, and 60 calendar days from the end of the fiscal-year-end.. The other entities in the Section 232 program required to submit reports were provided slightly longer periods to prepare and submit the reports than that provided to operators. Accordingly, the September 7, 2012, rule placed operators on a different submission deadline than that required of owners.

HUD's interim rule published on September 16, 2014, at 79 FR 55360, revised the financial reporting deadlines for operators to bring them in-line with the reporting periods prescribed in HUD's Uniform Financial Reporting Standards, to which owners and borrowers are subject. The interim rule increases the amount of time operators have to comply with the

reporting requirements provided in §§ 5.801(c)(4) and 232.1009. The interim rule provides that operators will have an additional 30 calendar days to comply with the financial statement reporting requirements. Operators will now have 60 calendar days following the end of a fiscal quarter and 90 calendar days following the end of the fiscal-year-end quarter to comply with HUD's financial statement reporting requirements.

Section 5.801(d)(4) of HUD's Uniform Financial Reporting Standards regulations provides that operators of projects with Section 232 insured mortgages (the entities described in § 5.801(a)(6)) must comply with the requirements of § 5.801 with respect to fiscal years commencing on or after the date that is 60 calendar days after the date on which HUD announces, through Federal Register notice, that it has issued guidance on the manner in which these reports will be transmitted to HUD.

This document serves as the notice required by § 5.801(d)(4) that HUD has issued guidance on the manner in which the operator financial reports will be transmitted to HUD. That guidance can be found under the **Guidance for Lenders'** Operator Financial Statement section at

http://portal.hud.gov/hudportal/HUD?src=/federal_housing_administration/healthcare_facilities/residential_care. Accordingly, operators must comply with the operator financial report requirements for fiscal years commencing on or after **[insert date that is 60 days after the date of publication of this notice in the Federal Register]**.

Information Collection Requirements

The information collection requirements contained in this rule were reviewed by the Office of Management and Budget (OMB) under the Paperwork Reduction Act of 1995 (44 U.S.C. 3501-3520), and assigned OMB Control Number 2502-0605. In accordance with the Paperwork Reduction Act, an agency may not conduct or sponsor, and a person is not required to respond to, a collection of information, unless the collection displays a currently valid OMB control number.

Date: September 26, 2014.

Carol J. Galante,
Assistant Secretary for Housing –
Federal Housing Commissioner.

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